

VALLEY REPUBLIC BANCORP

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News Release

Valley Republic Bancorp - First Quarter 2018 Financial Results

BAKERSFIELD, Calif., April 20, 2018:

Valley Republic Bancorp (OTCQX: VLLX) today announced its financial results for the quarter ended March 31, 2018.

Highlights for the 1st Quarter of 2018 Compared to the 1st Quarter of 2017:

- **Net income - up 87%**
- **Pretax income - up 39%**
- **Net loans - up 13%**
- **Deposits - up 6%**
- **Total assets - up 6%**
- **Basic earnings per share increased from \$0.33 to \$0.60 (up 82%)**
- **Book value per share increased from \$13.91 to \$15.43 (up 11%)**

Financial Performance

Valley Republic Bancorp reported record net income for the first quarter of 2018. Compared to the first quarter of 2017, this year's net income of \$2,315,000 is an increase of \$1,078,000, or 87%. Basic earnings per share for this quarter were \$0.60, compared to \$0.33 basic earnings per share reported for the same quarter last year, an increase of 82%.

Bruce Jay, President & CEO, stated, "Valley Republic Bancorp launched 2018 with an exceptional, record breaking quarter. Pretax income was 39% higher than the same quarter in 2017. We are now in our tenth year of operation and have achieved fourth place in market share of Kern County deposits, trailing only the three largest national banks. The Bank's performance is attributable to several factors. We are approaching \$700 million in assets, which allows our size, along with continued diligent cost controls, to further improve operational efficiencies. Deposit and loan growth continue to be strong due to our brand promise to provide relationship-based 'Uncommon Service' to the local community.

"Net income for the quarter was 87% higher than the same quarter in 2017. A significant contributor to this substantial increase was lower income tax rates compared to the prior year. The Tax Cuts and Jobs Act became effective January 1, 2018, lowering the highest federal corporate tax rate from 35% to 21%. Also, in 2009 stock options were granted to founders and directors for their time and expertise in obtaining a new bank charter. Most of these options expire in February of 2019. During the first quarter of this year, some options were exercised to purchase Company shares at the contractual strike price. The difference between the purchase price and the current fair market value of the stock at the time of exercise creates a tax deduction for the Company. Income tax expense was reduced in the first quarter by approximately \$400,000 due to the benefit realized by the Company from these transactions."

Growth

Total assets were \$681.3 million at the end of the first quarter of 2018. Compared to \$667.6 million at year-end 2017, this is an increase of \$13.7 million, or 2.1%. When compared to the end of the first quarter last year, this represents an increase of \$36.8 million, or 6%.

Total net loans were \$451.3 million at March 31, 2018. Compared to \$ 441.7 million at December 31, 2017, this is an increase of \$9.5 million, or 2%. Compared to the end of the first quarter of 2017, this is an increase of \$51 million, or 13%. At March 31, 2018, the Bank had no nonperforming loans or loan payments that were more than 30 days delinquent.

Total deposits were \$615.5 million at March 31, 2018. This is an increase of \$12.2 million, or 2%, when compared to \$603.3 million at December 31, 2017. Compared to the end of the first quarter last year, this is an increase of \$32.1 million, or 6%.

Eugene Voiland, Chairman of the Board, stated, “The Valley Republic Bank story is impressive. We are proud of our accomplishments in such a short period of time. The Board of Directors is engaged and diligent in the governance of the Bank. We have developed a terrific team that delivers a valued product for the community, every day. These factors, along with a high quality loan portfolio with no non-performing assets, allow Valley Republic Bank to provide local, responsive and reliable service to the community at the highest level.”

Capital

Total shareholders’ equity at March 31, 2018 was \$59.3 million, an increase of \$2.9 million, or 5%, compared to \$56.4 million at December 31, 2017. Compared to March 31, 2017, total shareholders’ equity has increased by \$7.6 million, or 15%.

About Valley Republic Bancorp and Valley Republic Bank

Valley Republic Bancorp is a bank holding company formed in 2016. Valley Republic Bank is a wholly-owned subsidiary of Valley Republic Bancorp, headquartered in Bakersfield, California. The Bancorp is subject to the regulatory oversight of the Federal Reserve Bank, and the Bank is subject to the regulatory oversight of the Federal Deposit Insurance Corporation and the California Department of Business Oversight. Valley Republic Bank is an insured, state-chartered, non-member bank of the Federal Reserve System. The Bank is in its tenth year of operation, having been established in 2009. Valley Republic Bank is a full-service, community bank with three full-service banking offices in Bakersfield and one full-service banking office in Delano. Valley Republic Bank emphasizes professional, high quality banking services provided to a wide range of businesses and professionals. The Bank also provides a full complement of banking services that are available to individuals and non-profit organizations.

Valley Republic Bancorp and Subsidiary Balance Sheet

<i>(Unaudited. Dollars in thousands.)</i>	March 31, 2018	December 31, 2017
ASSETS		
Cash and Due From Banks	\$ 8,126	\$ 9,598
Fed Funds & Interest-Bearing Balances	51,484	50,171
Time Deposits in Other Banks	28,968	30,952
Investment Securities	109,729	103,500
Loans, net	451,259	441,743
Premises and Equipment	1,410	1,538
Other Assets	30,363	30,124
	\$ 681,339	\$ 667,626
TOTAL ASSETS	\$ 681,339	\$ 667,626
LIABILITIES AND SHAREHOLDERS' EQUITY		
Deposits		
Noninterest-Bearing	\$ 251,826	\$ 245,892
Savings, Transaction, & Money Market	304,135	312,642
Time Certificates of Deposit	59,531	44,736
Total Deposits	615,492	603,270
Other Liabilities	6,506	7,929
Total Liabilities	621,998	611,199
Total Shareholders' Equity	59,341	56,427
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 681,339	\$ 667,626
Book Value Per Share	\$ 15.43	\$ 14.94

Valley Republic Bancorp and Subsidiary Income Statement

(Unaudited. Dollars in thousands, except per share data.)

	Quarters Ended March 31,	
	2018	2017
INTEREST INCOME		
Loans, Including Fee Income	\$ 5,111	\$ 4,171
Investment Securities, Fed Funds & Other	801	607
Total Interest Income	5,912	4,778
INTEREST EXPENSE		
Deposits	554	282
Total Interest Expense	554	282
Net Interest Income	5,358	4,496
Provision For Loan Losses	202	234
Net Interest Income After Provision	5,156	4,262
NON-INTEREST INCOME		
Service Charges, Fees & Other Income	633	518
Gain on Sale of Securities and Fixed Assets	-	-
Total Non-Interest Income	633	518
NON-INTEREST EXPENSE		
Salaries and Employee Benefits	1,990	1,890
Occupancy & Equipment	345	280
Other	925	793
Total Non-Interest Expense	3,260	2,963
Net Income (Loss) Before Taxes	2,529	1,817
Income Taxes	214	580
NET INCOME (Loss)	\$ 2,315	\$ 1,237
Net Income Per Share - Basic	\$ 0.60	\$ 0.33

Valley Republic Bancorp Contact Information

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Forward Looking Statements

This news release may include forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Exchange Act of 1934, as amended and Valley Republic Bancorp and Valley Republic Bank (together, the "Company") intend for such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. Future events are difficult to predict, and the expectations described above are necessarily subject to risk and uncertainty that may cause actual results to differ materially and adversely.

Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts. They often include the words "believe," "expect," "anticipate," "intend," "plan," "estimate," or words of similar meaning, or future or conditional verbs such as "will," "would," "should," "could," or "may." These forward-looking statements are not guarantees of future performance, nor should they be relied upon as representing management's views as of any subsequent date. Forward-looking statements involve significant risks and uncertainties and actual results may differ materially from those presented, either expressed or implied, in this news release. Factors that might cause such differences include, but are not limited to: the Company's ability to successfully execute its business plans and achieve its objectives; changes in general economic and financial market conditions, either nationally or locally, in areas in which the Company conducts its operations; changes in interest rates; continuing consolidation in the financial services industry; new litigation or changes in existing litigation; increased competitive challenges and expanding product and pricing pressures among financial institutions; legislation or regulatory changes which adversely affect the Company's operations or business; loss of key personnel; and changes in accounting policies or procedures as may be required by the Financial Accounting Standards Board or other regulatory agencies.

The Company undertakes no obligation to publicly revise these forward-looking statements to reflect subsequent events or circumstances.

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